

## Message Text

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ACTION STR-04

INFO OCT-01 STRE-00 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05  
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00  
OMB-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 OIC-02  
/122 W

-----311903Z 008822 /42

P R 311633Z MAY 77  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 7798  
INFO ALL OECD CAPITALS  
AMEMBASSY BRUSSELS  
AMEMBASSY MEXICO

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USMTN

ACTION STR

H PASS CODEL

E.O. 11652: N/A  
TAGS: ETRD MTN  
SUBJECT: TECHNICAL LEVEL LICENSING MEETING, MAY 24-25

REF: STATE 117114

1. SUMMARY: TWO DAY TECHNICAL LEVEL MEETING ON LI-  
CENSING MOST PORUCTIVE SESSION YET ON THISSUBJECT.  
CONFUSION AMONG DELGTIONS BETWEEN AUTOMATIC IMPORT  
LICENSING (AIL) AND LICENSING TO ADMINISTER IMPORT  
RESTRICTIONS (LAIR) APPEARS TO HAVE GONE A LONG WAY  
TOWARD BEING CLEARED UP. SIGNIFICANT AMOUNT OF DIS-  
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CUSSION ON AUTOMATIC LICENSING CENTERED ON SAFEGUARD  
ASPECTS OF SUCH SYSTEMS. ON LICENSING TO ADMINISTER  
IMPORT RESTRICTIONS, THERE WAS MOVEMENT TOWARD CON-  
SENSUS IN SEVERAL AREAS CENTERING ON BOTH US AND  
CTIP TEXTS. MOST NEGATIVE ASPECT OF MEETING WAS CON-  
SISTENT EC ATTEMPT TO PREVENT CONSENSUS ON ANY ITEM,  
AND TO AVOID ANY PORGRESS IN TECHNICAL LEVEL WORKING

GROUP. FOR FUTURE WORK PROGRAM WAS REQUESTED TO DRAFT A LAIR TEXT WHICH COULD BE USED AS BASIS OF SUBSEQUENT NEGOTIATIONS. END SUMMARY.

2. TWO-DAY TECHNICAL LEVEL LICENSING MEETING BEGAN WITH DISCUSSION OF A SWISS PROPOSAL (MTN/NTM/W/73/REV.1/ADD.1) TO INCLUDE EXPORT LICENSING IN BOTH DRAFT IMPORT LICENSING TEXTS. (PROPOSAL WAS TABLED DURING MEETING AND HAS BEEN POUCHED TO WASHINGTON.) AUSTRALIAN DEL (SPECNER) AND CANADIAN DEL (GORE) STRONGLY DENCOUNCED INCLUSION OF EXPORT RESTRICTIONS IN WORK OF TECHNICAL LEVEL BODY AS BEING OUTSIDE ITS COMPETENCE. THEY WERE SUPPORTED BY INDIA, BRAZIL, MEXICO, THE NORDICS, AUSTRIANS AND EC. AFTER MUCH DISCUSSION IT WAS AGREED TO REFER THIS ISSUE TO THE QR SUBGROUP FOR CONSIDERATION AT ITS JULY MEETING.

3. US DEL (NEWKIRK) BEGAN DISCUSSION WITH STATEMENT REFLECTING CONCEPTUAL DIFFERENCES BETWEEN AUTOMATIC IMPORT LICENSING AND LICENSING TO ADMINISTER IMPORT RESTRICTIONS DRAWING ON SECRETARIAT PAPER (MTN/NTM/W/98). DISCUSSION WHICH FOLLOWED APPEARS TO HAVE SUBSTANTIALLY ELIMINATED CONFUSION WHICH SOME DELS HAD CONCERNING TYPES OF LICENSING PROCEDURES BEING DISCUSSED. AUSTRALIAN DEL LED THE WAY BY CONCLUDING THAT POSSIBLY THE ONLY JUSTIFICATION FOR AN AUTOMATIC IMPORT LICENSING SYSTEM WOULD BE TO MONITOR PRE-IMPORT SAFEGUARD TYPE SITUATIONS. OTHER DELS (NORDICS, JAPANESE, AUSTRIANS, AND MEXICANS) ALL RECOGNIZED PRE-SAFEGUARD AND SAFEGUARD RELEVANCE TO AUTOMTIC IMPORT LICENSING. SOME DELS, HOWEVER, WERE NOT COMPLETELY CON-

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VINCE THAT THERE COULD NOT BE SOME OTHER SURVEILLANCE PURPOSES FOR AN AUTOMATIC IMPORT LICENSING SYSTEM. MEXICAN DELEGATION SUGGESTED THAT RELEVANT CRITERIA FOR DETERMINING WHETHER A SYSTEM WAS AUTOMATIC OR ONE TO ADMINISTER IMPORT RESTRICTIONS CONSISTED OF WHETHER ADMINISTRATIVE DECISION REQUIRED IN DETERMINING WHETHER OR NOT TO ISSUE A LICENSE. THOSE SYSTEMS REQUIRING SUCH DISCRETION WOULD FALL UNDER THE CONCEPT OF LICENSING TO ADMINISTER IMPORT RESTRICTIONS. GENERALLY, THE DISCUSSION OF AUTOMATIC LICENSING SYSTEMS APPEARED TO FOCUS ON A DEFINITION SIMILAR TO THE YUGOSLAVIAN/ISRAELI PROPOSAL IN PARAGRAPH 1 OF ANNEX 1 OF MTN/NTM/W/73/REV.1 AND ON SAFEGUARD USE OF AIL SYSTEMS. FYI: JAPAN, SPAIN AND AUSTRIA OFFERED CONSIDERABLE COMMENTS ON AIL SYSTEMS. WE, THEREFORE, RECOMMENDED THAT THESE THREE COUNTRIES BE INCLUDED IN LIST OF COUNTRIES ON WHICH US IS SEEKING TO OBTAIN DATA ON THEIR DOMESTIC LICENSING SYSTEMS (REFTEL). END FYI.

5. LIAR: US DEL AGAIN INTRODUCED US DRAFT (MTN/NTM/W/

88) AND HAVE OUR ARATIONALE FOR HAVING RE-DRAFTED THE CTIP TEXT. US TEXT RECEIVED MUCH ATTENTION WITH SEVERAL DELS SUGGESTING REVISIONS. HIGHLIGHTS OF DISCUSSION ON LIAR FOLLOW.

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6. SEVERAL DELEGATIONS HAD PROBLEMS WITH METNTIONING OF GATT IN US PARAGRAPH 1. (NORDICS, BRAZIL, UK FOR HONG KONG, SWISS, MEXICO.) AUSTRALIA INDICATED THIS PARAGRAPH WAS INCONSISTENT WITH US POSITION IN THER AREAS, SUCH AS STANDARDS, WHERE THE CODES UNCER NEGOTIATION WERE DESIGNED TO STAND ALONE WITHOUT REFERENCE TO OTHER OBLIGATIONS. SEVERAL DELS AGREED THERE SHOULD BE A POSITIVE DEFINITION OF TYE TYPES OF SYSTEMS WHICH WOULD BE COVERED UNDER THE LICENSING TO ADMINISTER IMPORT RESTRICTIONS TEXT, PERHAPS BASED ON PARAGRAPH 1 OF AIL TEXT. EC (ABBOTT) RAISED CONCERN ABOUT WHETHER THE DRAFT OF THIS TEXT WOULD APPLY TO AGREEMENTS SUCH AS THE MUTLFIBER AGREEMENT OR OMA'S. ANO-  
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THE MAJOR DISCUSSION CENTERED ON THE DEFINITION OF "RIGHT OF APPEAL" IN PARAGRAPH 6. SINCE THE US TEXT MERELY REITERATES "RIGHT OF APPEAL" AS FOUND IN THE CTIP TEXT, SEVERAL DELS QUESTIONED WHAT SORT OF APPEAL PROCEDURES US HAD IN MIND (E.G. ADMINISTRATIVE, JUDICIAL, ETC). US PARAGRAPH 10 CONCERNING PRIORITIES FOR PARTS REPLACEMENT WAS UNACCEPTABLE TO ALL DELS WHO SPOKE. ONE DEL NOTED DISCUSSIONS COULD CONTINUE AD INFINITUM ON QUESTION OF WHAT ITEMS SHOULD BE GIVEN PRIORITY BASIS.

7. IN REGARD TO PARAPGRPH 12, SEVERAL DELEGATIONS NOTED THAT US DRAFT WOULD ALTER OBLIGATION FROM THAT REQUIRED IN THE CORRESPONDING CTIP PARAGRAPH. THE US DRAFT CHANGES THE OBLIGATION TO REQUIRE A GOVERNMENT TO ENSURE FULL UTILIZATION OF QUOTAS RATHER THAN TO REQUIRE THAT A GOVERNMENT MAKE LICENSING FREELY AVAILABLE TO ALLOW FOR FULL UTILIZATION OF QUOTAS. QUESTIONS WERE RAISED CONCERNING NEED OF PARAGRAPHS 18 AND 19 TO CTIP TEXT SINCE THEY RELATED PRIMARILY TO SAFEGUARD PROVISIONS. SOME DELEGATIONS MAINTAINED THAT THERE MAY STILL BE SOME RELEVANCE TO SUCH PARAGRAPHS AND SHOULD REMAIN ON THE TABLE AT THIS TIME. THE RECOMMENDED NEW PARAGRAPH IN THE US TEXT CONCERNING TOLERANCES WAS SUPPORTED BY THE NORDICS, BRAZILIANS AND INDIANS.

8. THE JAPANESE DELEGATION MADE A FORTHCOMING STATEMENT THAT THESE CODES SHOULD APPLY TO ALL PRODUCTS, BOTH AGRICULTURAL AND INDUSTRIAL. THIS POSITION WAS SUPPORTED BY THE US AND AUSTRALIANS. THE EC INDICATED THAT ARTICLES 8 AND 13 OF THE GENERAL AGREEMENT DO NOT DISTINGUISH BETWEEN AGRICULTURAL OR INDUSTRIAL PRODUCTS, BUT, AS A PROCEDURAL MATTER, WAS NOT WILLING TO AGREE TO SUCH COVERAGE WITHOUT CONSIDERATION IN THE PROPER FORUM (I.E. GROUP AGRICULTURE). QUESTION OF S&D WAS RAISED THROUGHOUT MEETING, ESPECIALLY BY INDIAN DEL, BUT NO SPECIFIC SUGGESTIONS WERE MADE.

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9. THROUGHOUT MEETING SOME DELEGATIONS FOCUSED HEAVILY ON US DRAFT, BUT OTHERS INSISTED ON BASING DISCUSSION ON CTIP TEXT. SINCE IT WAS CLEAR FROM THE MEETING THAT NEITHER THE CTIP TEXT NOR THE US TEXT COMPLETELY ACCEPTABLE, THE US PROPOSED THAT THE GATT SECRETARIAT, IN CONSULTATION WITH DELEGATIONS, DRAW UP DRAFT TEXTS ON AIL AND LAIR THAT WOULD: (A) USE THE CTIP TEXTS AS

BASIC DOCUMENTS; (B) DRAW ON ALTERNATIVE PROPOSALS WHERE THE WORKING IS CLEARER AND WHERE THERE IS A CONSENSUS ON SUBSTANCE; AND (C) REFLECT THE DIFFERENCES IN VIEWS OR ISSUES BY PRESENTING SUCH DIVERGENT VIEWS IN BRACKETS. THIS PROPOSAL WAS AGREED ON BY NEARLY ALL DELEGATIONS (AUSTRALIA, CANADA, NORDICS, SWISS, MEXICO, AUSTRIA AND NEW ZEALAND). THE EC, AS IT DID THROUGHOUT THE MEETING, DAMPENED THE IDEA AND TRIED TO PREVENT IT FROM BEING CARRIED OUT. THE EC INSISTED THAT THE SECRETARIAT FIRST DO A FEASIBILITY STUDY ON THIS PROJECT AND PRESENT IT TO THE QR SUBGROUP IN JULY. STUDY WILL BE LIMITED TO WORK ON LICENSING TO ADMINISTER IMPORT RESTRICTIONS. FYI: PRELIMINARY REACTION FROM SECRETARIAT IS THAT THEY WILL BASE STUDY LARGELY ON US TEXT. END FYI.

10. COMMENT: GENERAL TONE OF THIS MEETING WAS UPBEAT. DELEGATIONS HAD, FOR THE FIRST TIME, DONE SOME THINKING ON THIS SUBJECT AND THIS WAS REFLECTED IN THEIR POSITIONS. THE MAJOR EXCEPTION TO THIS, HOWEVER, WAS THE EC DELEGATION. THEY RARELY INTERVENED AND WHEN THEY DID, IT WAS GENERALLY UNHELPFUL AND NOT CONDUCTIVE TO PROGRESS. IT IS NOT CLEAR WHY THE EC TOOK SUCH A POSITION, BUT WE ARE CONTINUING DISCUSSIONS WITH THEM ON LICENSING, AND EXPECT THAT AN EXPLANATION WILL BE FORTHCOMING. END COMMENT. CULBERT

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## Message Attributes

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**Type:** TE  
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